

# **WATER ALLOCATION PROGRAM DEVELOPMENT WATER RATES COMMITTEE MEETING**

## **MINUTES OF MEETING**

May 7, 2003

### **Members Present:**

John Bell  
Jean Bondarevskis

### **Members Absent:**

Brenda Baum  
Anna Coelho\*  
Anthony Simeone  
Ted Garille  
Ken Payne  
Al Mancini  
Bill Cox  
Brian Bishop  
George Burke  
Ken Burke  
Guy Lefebvre

*\*designee for Anthony Simeone*

### **Guests:**

None

### **Water Resources Board Staff:**

Connie McGreavy

## **I. CALL TO ORDER**

Ms. Jeanne Bondarevskis called the meeting to order at 10:13AM.

## **II. APPROVAL OF MINUTES**

On a motion by Ms. McGreavy, seconded by Mr. Bell, the minutes of the April 8, 2003 meeting were approved.

## **III. ITEMS FOR ACTION**

### **A. Approve WAPAC Committee Presentation Timeline**

Ms. Bondarevskis reiterated that our sub-committee is scheduled to present to the full WAPAC committee on **July 24, 2003**. That leaves two more sub-committee meetings to prepare any presentations we will be making. The next two sub-committee meetings have been scheduled for **June 4** and **July 2**, from 10-12 at Providence Water. In order to provide the full benefit of the experience and expertise of our sub-committee, your attendance at these next two meetings is critical.

At the July 24<sup>th</sup> meeting, we will present the rate comparison spreadsheet, which compares water rates throughout the state. We hope to have annual wastewater costs to add to the water charges, depicting a better picture of the full cycle of water use. We will also be able to present a spreadsheet, which shows the potential revenue that could be derived from a "Demand Side Management (DSM)" charge. There is a gap for water usage from private wells. Our sub-committee will finalize a recommendation for a state-

wide fee or charge pending input from WAPAC. We will present a discussion of the Use of Other Fees and Seasonal and Preferred Rates. We will be looking to committee member to draft sections of the report.

Ms. McGreavy mentioned that there is currently a fee (\$100) when a private well is drilled. If a portion of this fee could be diverted, or if the fee could be increased, and the increase diverted, this could provide a DSM that may be equitable to what a public water system would charge customers. The problem is that the well fee is a one-time fee when the well is drilled. Mr. Bell mentioned that it could possibly be levied over 5 years. Ms. Bondarevskis added that she thought the fee must provide a benefit to the person paying the fee in order for it to be legal. Ms. McGreavy will contact DEM to determine what the fee is used for now and where the money is going.

Ms. McGreavy discussed that the sub-committee should prepare an outline for the draft report. It would be generated from the Task list and would elaborate on the high priority tasks that the sub-committee has been working on. A shorter narrative would be required for medium priority tasks. The outline would be presented in July and would be used to prepare the report that should be submitted in December.

#### **IV. ITEMS FOR DISCUSSION:**

##### **A. Follow Up Regarding Top Five Priority Areas**

The committee then moved on to a review of the assigned tasks.

##### ***Task 1 – Investigate pricing water according to value, full cycle of water use and future supply***

Ms. Bondarevskis brought three American Water Works Association (AWWA) manuals to show the sub-committee. The manuals; M1 Water Rates, M26 Water Rates and Related Charges; and M35 Revenue Requirements, provides the industry standards and water rate-making philosophies in use throughout the US. Ms. McGreavy felt that certain sections of the manuals could be useful to the sub-committee, particularly the seasonal or conservation rates. Ms. Bondarevskis said she would attempt to see if there is any research available regarding water rates, from past AWWA conferences or AWWARF (research foundation) that would be useful to the sub-committee.

Ms. Bondarevskis mentioned that at the last full WAPAC meeting presentations were made by Woonsocket Water and Ocean State Power regarding drought scenarios and the extra costs incurred because of the drought. There currently is no method for a supplier to recover these costs. Ms. McGreavy felt it was important for the sub-committee to focus on seasonal and drought rates. Seasonal rates would be the same each year, ie. May-Sep.; where drought rates would only go into effect when certain environmental factors were triggered. The rate increase would be best accomplished with a surcharge that would have a specific start and stop date, once the drought was over. Mr. Bell was an advocate for seasonal rates because it could create a change in usage. If it applied to all water users, it would have a direct impact on Task 1. This would supply additional revenue to the supplier to offset any additional costs, pumping and electricity; that may occur during peak season. The only downfall to seasonal rates is that the supplier must be able to obtain accurate meter readings prior to and at the end of the season. Estimated reads would cause a lot of problems. Ms. McGreavy mentioned that she was aware of

some draft legislation, that was not approved, that would alter the PUC and Water Supply statutes for drought rates. §39-3-11 only applies to PUC regulated water suppliers. Ms. Bondarevskis mentioned that it can be difficult for a supplier to implement mandatory restrictions, without a drought surcharge to make up for the reduced revenues.

The implementation of seasonal rates would be an issue because a municipality cannot be forced to adopt seasonal rates, but perhaps they could be “encouraged”. It could take several years to get full compliance (need accurate meter readings). If the statute was changed, the PUC could then attempt to get the regulated utilities to include seasonal rates in their rate filings.

***Task 2 – Prepare spreadsheet of water rates statewide***

Mr. Bell provided a summary spreadsheet, prepared by Mr. Mancini, of the sample water bills submitted to Ms. McGreavy. The bill analysis reviewed the Division of Public Utilities’ requirements for water bills. Mr. Bell felt that Johnston and Smithfield had good bills, clear and straightforward. Mr. Bell also provided a copy of a notice from Pascoag that provides water audits as a free service to their customers. This may bring an issue that some water suppliers may have already incorporated a DSM program into their rate structure, and may not be in favor of an additional charge. Ms. Bondarevskis mentioned that perhaps the goal of our committee would be to recommend a model bill for water suppliers to aspire to. If the water suppliers could modify their bills to have standard information, it would allow for more uniformity.

Regarding the water rates spreadsheet, a second spreadsheet was also planned to take the water charge and add a column for the sewer charge. When these two charges were added, this would show the cost of the full water cycle. Ms McGreavy was going to attempt to modify the bill analysis spreadsheet to make it more useful with footnotes that described what the headings represented.

Ms. McGreavy was going to contact Mr. Bill Cox to get the sewer rates and bills.

Ms. McGreavy was going to contact Deb LeFleur at DOH to run reports that would categorize the supplier list previously provided to Mr. Simeone.

***Task 3 – Consider Demand Side Management charge, i.e., Conservation Fund***

Ms. Bondarevskis will provide the spreadsheet at the July presentation. She volunteered to write up an explanation of the spreadsheets.

Ms. McGreavy emailed Mr. Payne regarding past legislation. She will follow up with him. Mr. Garille provided a copy of the legislation (one page) that was used for the electric DSM charge. This will be put on the agenda for discussion at the next meeting.

***Task 4 – Evaluate use of Other Fees (hydrant fees, registration fees, impact fees)***

Ms. McGreavy recommended Ken Burke and John Faille work on this task. The committee would also like them to look into capturing small water users.

***Task 5 – Investigate seasonal and preferred rates for those that optimize water use***

Ms. McGreavy will ask George Burke and Brian Bishop to investigate this task.

**B. Reports on Relevant Studies**

The NBC study and the Pawcatuck River study can provide some insight to the sub-committee.

**V. OTHER BUSINESS**

**A.** Ms. Bondarevskis will plan to report to the WAPAC on July 24th.

**B.** Ms. McGreavy will follow up on the delegated task list. Ms. Bondarevskis will attempt to prepare the outline and narratives in draft form for the June meeting.

**C.** The next committee meetings will be held on **June 4th** and **July 2nd** at 10:00 AM - 12:00 at the Providence Water Supply Board, 552 Academy Avenue, Providence.

**VI. ADJOURNMENT**

On a motion by Mr. Bell, seconded by Ms. McGreavy, the meeting adjourned at 12:05 PM.

Respectfully submitted,

Jeanne Bondarevksis  
Providence Water

*\*Note: For more information on Water Allocation, visit: <http://www.seagrant.gso.uri.edu/scc/wrb/index.html>.*